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WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA

FINANCIAL STATEMENTS

AUGUST 31, 2003 AND 2002

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3.10.04



WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA

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Postlethwaite & Netterville

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
West Ascension Parish Hospital Service District
of Ascension Parish, Louisiana
Donaldsonville, Louisiana

We have audited the accompanying financial statements of the West Ascension Parish Hospital Service District of Ascension Parish, Louisiana, a component unit of the Ascension Parish Council, as of and for the years ended August 31, 2003 and 2002, as listed in the Table of Contents. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Ascension Parish Hospital Service District of Ascension Parish, Louisiana as of August 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the west Ascension Parish Hospital Service District has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Managements Discussion and Analysis – for State and Local Governments*, as of August 31, 2003.

The Management's Discussion and Analysis on pages 2 through 5 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurements and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 13, 2003 on our consideration of West Ascension Parish Hospital Service District of Ascension Parish's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the financial statements of West Ascension Parish Hospital Service District of Ascension Parish, Louisiana, taken as a whole. The supplemental schedule on page 19 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Postlethwaite & Netterville

Donaldsonville, Louisiana
October 13, 2003

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2003

This section of Hospital's annual financial report presents our discussion and analysis of the Hospital's financial performance during the fiscal year that ended on August 31, 2003. Please read it in conjunction with the transmittal letter at the front of this report and the Hospital's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Hospital's total assets increased by \$526,984 over the prior year to \$8,655,412.
- During the year, the Hospital's revenues were \$507,645 more than the \$4.8 million in expenses. The Hospital generated \$5.3 million in net charges for services and other non-operating income.
- The net patient service revenue increased \$1 million to \$4.5 million from the prior year's net patient service revenue of \$3.5 million.
- The Hospital has net assets of \$8.4 million as of August 31, 2003.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts—management's discussion and analysis (this section), and the basic financial statements. The basic financial statements include government-wide financial statements that provide both long-term and short-term information about the Hospital's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes are followed by additional reports as required by *Governmental Auditing Standards*. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the Hospital's financial statements, including the portion of the Hospital's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

Figure A-1 Major Features of District's Government and Fund Financial Statements	
	Government-wide Statements
Scope	Entire District government (except fiduciary funds) and the Hospital's component units
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities
Accounting basis and measurements focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2003

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets—the difference between the District's assets and liabilities—is one way to measure the District's financial health, or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional nonfinancial factors such as the quality of service provided to patients and the condition of the District's building and equipment.

FINANCIAL ANALYSIS OF THE HOSPITAL AS A WHOLE

Net assets. The District's net assets increased between fiscal years 2003 and 2002 to approximately \$8.4 million. (See Table A-1.)

Table A-1
District's Net Assets

	Governmental Activities	
	2003	2002
Current and other assets	\$ 7,256,857	\$ 6,629,736
Capital assets	1,398,555	1,498,692
Total assets	\$ 8,655,412	\$ 8,128,428
Current liabilities	\$ 299,928	\$ 221,448
Total liabilities	\$ 299,928	\$ 221,448
Net assets		
Unrestricted	\$8,355,484	\$ 7,906,980
Total net assets	\$8,355,484	\$ 7,906,980

Net assets of the District's proprietary activities increased 6.4 percent to approximately \$8.4 million.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2003

Changes in net assets. The District's total revenues increased by 18.5 percent to \$5.3 million (See Table A-2.) Approximately 86 percent of the District's revenue comes from net patient services

The total cost of all services increased approximately \$399,000 or 9.2 percent.

Proprietary Activities

Revenues for the District's proprietary activities increased 18.5 percent, while total expenses increased 9.2 percent.

Table A-2
Changes in District's Net Assets

	<u>Governmental Activities</u>	
	<u>2003</u>	<u>2002</u>
Revenues		
Net patient services	\$ 4,456,283	\$ 3,515,494
Other	-	-
Non-operating	749,252	925,733
Total revenues	<u>\$ 5,205,535</u>	<u>\$ 4,441,227</u>
Expenses		
Operating expenses	\$ 4,746,384	\$ 4,356,412
Non-operating expenses	10,647	1,604
Total expenses	<u>4,757,031</u>	<u>4,358,016</u>
Increase (decrease) in net assets	<u>\$ 448,504</u>	<u>\$ 83,211</u>

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
AUGUST 31, 2003

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2003, the District had invested \$1,398,555 in capital assets. (See Table A-3.)

Table A-3
District's Capital Assets

	Governmental Activities	
	2003	2002
Land	\$ 14,042	\$ 14,042
Land improvements	168,280	168,280
Buildings and improvements	1,769,330	1,760,499
Equipment	1,402,265	1,566,087
Total capital assets	<u>\$ 3,353,917</u>	<u>\$ 3,508,908</u>
Accumulated depreciation	(1,955,362)	(2,010,216)
Net Capital Assets	<u>\$ 1,398,555</u>	<u>\$ 1,498,692</u>

CONTACTING THE DISTRICT HOSPITAL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Vince Cataldo Donaldsonville, LA .

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

STATEMENTS OF NET ASSETS
AUGUST 31, 2003 AND 2002

ASSETS

	<u>2003</u>	<u>2002</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 374,151	\$ 97,236
Certificates of deposit	993,754	1,078,179
Patient accounts receivable, (net of estimated uncollectibles of \$792,794 in 2003 and \$764,536 in 2002)	551,055	496,129
Inventory	182,151	156,309
Sales tax receivable	89,675	84,792
Estimated third-party payor settlements	54,550	147,440
Investments	4,929,812	4,532,288
Other current assets	81,709	37,363
Total current assets	<u>7,256,857</u>	<u>6,629,736</u>
 <u>PROPERTY AND EQUIPMENT - net</u>	<u>1,398,555</u>	<u>1,498,692</u>
TOTAL ASSETS	\$ 8,655,412	\$ 8,128,428
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 216,069	\$ 141,382
Accrued expenses	83,859	80,066
Total current liabilities	<u>299,928</u>	<u>221,448</u>
 <u>NET ASSETS</u>		
Invested in capital assets	1,398,555	1,498,692
Unrestricted	6,956,929	6,408,288
Total net assets	<u>8,355,484</u>	<u>7,906,980</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 8,655,412	\$ 8,128,428

The accompanying notes are an integral part of these statements.



WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

STATEMENTS OF ACTIVITIES
YEARS ENDED AUGUST 31, 2003 AND 2002

	2003	2002
<u>REVENUE</u>		
Net patient service revenues	\$ 4,456,283	\$ 3,515,494
<u>OPERATING EXPENSES</u>		
Salaries and benefits	1,753,860	1,577,855
Professional contracted services	1,127,866	1,041,670
Medical supplies and drugs	538,853	355,506
Other operating	462,468	385,845
Provision for bad debts	707,727	851,848
Provision for depreciation	155,610	143,688
Total operating expenses	4,746,384	4,356,412
<u>LOSS FROM OPERATIONS</u>	(290,101)	(840,918)
<u>NON OPERATING REVENUES (EXPENSES)</u>		
Sales tax	563,276	614,977
Investment earnings	185,976	310,756
Loss on disposal of assets	(10,647)	(1,604)
Total non operating revenues	738,605	924,129
<u>CHANGE IN NET ASSETS</u>	\$ 448,504	\$ 83,211

The accompanying notes are an integral part of these statements.



WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED AUGUST 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Net assets, beginning of year	\$ 7,906,980	7,823,769
Change in net assets	<u>448,504</u>	<u>83,211</u>
Net assets, end of year	<u>\$ 8,355,484</u>	<u>\$ 7,906,980</u>

The accompanying notes are an integral part of these statements.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from patients and other third-party payors	\$ 3,786,520	2,658,998
Cash payments to suppliers for goods and services	(2,355,780)	(1,977,775)
Cash payments to employees for services	(1,530,389)	(1,363,389)
Net cash used in operating activities	<u>(99,649)</u>	<u>(682,166)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Sales taxes received	558,393	635,034
Net cash provided by non-capital financing activities	<u>558,393</u>	<u>635,034</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Acquisitions of capital assets	(66,120)	(459,572)
Net cash used in capital and related financing activities	<u>(66,120)</u>	<u>(459,572)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Net decrease in certificates of deposit	84,425	1,386,876
Purchases of investments	(1,621,524)	(2,002,264)
Proceeds from sales/maturities of investments	1,224,000	601,000
Interest on investments	197,390	367,970
Net cash provided by (used in) investing activities	<u>(115,709)</u>	<u>353,582</u>
Net increase (decrease) in cash	276,915	(153,122)
Cash at beginning of year	<u>97,236</u>	<u>250,358</u>
Cash at end of year	<u>\$ 374,151</u>	<u>\$ 97,236</u>

The accompanying notes are an integral part of these statements.



WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
<u>RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH USED BY OPERATING ACTIVITIES</u>		
Loss from operations	\$ (290,101)	\$ (840,918)
Adjustments to reconcile loss from operations to net cash used by operating activities:		
Depreciation	155,610	143,688
Provision for uncollectible accounts, contractual adjustments, and courtesy allowances	707,727	851,848
Changes in assets and liabilities:		
Increase in receivables	(762,653)	(826,531)
Increase in inventory	(25,842)	(26,647)
(Increase) decrease in estimated third-party payor settlements	92,890	(29,965)
Increase in other current assets	(55,760)	(1,276)
Increase in accounts payable	74,687	34,173
Increase in accrued expenses payable	3,793	13,462
 Total adjustments	 <u>190,452</u>	 <u>158,752</u>
 Net cash used in operating activities	 <u>\$ (99,649)</u>	 <u>\$ (682,166)</u>

The accompanying notes are an integral part of these statements.



WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

West Ascension Parish Hospital Service District of Ascension Parish, Louisiana (Prevost Memorial Hospital) was created by a resolution of the Ascension Parish Council on May 2, 1963 under provisions of Chapter 10 of Title 46 of the Louisiana Revised Statutes of 1950.

Basis of Presentation

The accompanying component unit financial statements of the West Ascension Parish Hospital Service District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Fund and Other Governmental Entities That Use Proprietary Fund Accounting, the District has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued on or before November 30, 1989.

Reporting Entity

As the governing authority of the parish, for reporting purposes, the Ascension Parish Council is the financial reporting entity for Ascension Parish. The financial reporting entity consists of (a) the primary government (Council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Ascension Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Council to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Council.
2. Organizations for which the Council does not appoint a voting majority but are fiscally dependent on the Council.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA

Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

Reporting Entity (continued)

Because the Council appoints all members to the District's Board of Commissioners, the District was determined to be a component unit of the Ascension Parish Council, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Patient Accounts Receivable

Patient accounts receivable are reported at their outstanding unpaid balance adjusted for any write-offs and the allowance for doubtful accounts. Interest income is not accrued on any unpaid balances.

Accounts are considered past due at the time that the balance is 30 days delinquent. Accounts are written off when no payment has been received on the account for 120 days.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision for doubtful accounts charged to earnings. Losses are charged against the allowance when management believes the uncollectibility of an account is confirmed. Subsequent recoveries, if any are credited to the allowance.

The allowance for doubtful accounts is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of the accounts in light of historical experience, the nature and volume of the accounts, and the agreements with the respective third-party payors.

Net Patient Service Revenue

The District has agreements with third-party payors that provide for payments to the District as amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed cost, discounted charges, and per diem payments.

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.



WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies** (continued)

Statement of Operations

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as revenues and expenses. Peripheral or incidental transactions are reported as nonoperating revenues.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Property and equipment donated for District operations are recorded as additions at fair value at the date of receipt.

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method. The buildings and improvements are being depreciated over 25 to 50 years, land improvements over 20 years, and equipment over 5 to 20 years. Maintenance and repairs are charged to expense and betterments are capitalized. Gains and losses from sales or retirements are recognized in the period of disposition.

Inventory

Inventory is valued at the lower of cost (using the first-in, first-out method) or market.

Allowance for Uncollectible Accounts

An allowance for uncollectible patient accounts receivable is maintained. It is based on historical data and management's assessment of the collectibility of accounts receivable.

Donations

Donations are recorded at market value at the time of donation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

1. **Summary of Significant Accounting Policies (continued)**

Cash and Certificates of Deposit

Cash includes petty cash and demand deposit accounts. Under state law, the District may deposit funds and invest in certificates of deposit within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state, or the laws of the United States.

Investments

The District may invest in bonds, debentures and other indebtedness which are fully guaranteed by the United States, issued or guaranteed by federal agencies backed by full faith and credit of the United States and issued or guaranteed by United States government instrumentalities which are federally sponsored. Investments are stated at fair value.

Investment income includes interest earned, realized gains and losses and unrealized gains and losses (changes in fair value).

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District is a member of two separate trust funds established by the Louisiana Hospital Association that encompasses self insurance for workers' compensation and liability insurance. The management of the trust funds has complete control over the rate setting process. The District is insured for all other risks of loss.

Changes in Accounting Principles

For the year ended August 31, 2003, the District has implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. GASB Statement 34 creates new basic financial statements for reporting on the District's financial activities. The financial statements now include management's discussion and analysis.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

2. Sales Tax

In a general election held on November 5, 1980, the voters of the District approved a one-half percent sales tax. The net proceeds from this tax can be used for the expansion and/or operation of the District.

3. Cash and Certificates of Deposit

At August 31, the District had cash and Certificates of Deposit totaling \$1,367,905 and \$1,175,415, respectively as follows:

	2003	2002
Petty Cash	\$ 325	\$ 325
Demand deposit	373,826	96,911
Total	374,151	97,236
 Certificates of Deposit	 993,754	 1,078,179
Total Deposits	\$ 1,367,905	\$ 1,175,415

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At year end, the carrying amount of the District's deposits were \$1,367,905 and the bank balance was \$1,369,231. Of the bank balance, \$305,656 was covered by federal depository insurance, \$373,030 was covered by collateral held by the pledging bank's agent in the District's name (Category 2) and \$690,545 was covered by collateral held by the pledging bank's agent in the bank's name (Category 3).

Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

The pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

4. Net Patient Service Revenues

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient nonacute services, certain outpatient services, and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare fiscal intermediary. The District's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the District. The District's Medicare cost reports have been audited by the Medicare fiscal intermediary through August 31, 1998.

Medicaid - Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The District is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid fiscal intermediary. The District's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through August 31, 1997.

The District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

5. Investments

At August 31, the investments of the District consisted of United States Treasury Bonds, United States Treasury Notes, Federal National Mortgage Association Notes, and Federal Home Loan Mortgage Corporation Notes. The securities are held by the investment company's trust department in the name of the district (GASB Category 2).

Investment income at August 31, consisted of the following:

	2003	2002
Interest Income	\$ 293,400	\$ 273,692
Changes in Market Value	(107,424)	37,064
	\$ 185,976	\$ 310,756



WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

6. Property and Equipment

A summary of property and equipment at August 31, follows.

	<u>2003</u>	<u>2002</u>
Land	\$ 14,042	\$ 14,042
Buildings and grounds	1,937,610	1,928,779
Fixed equipment	1,369,008	1,532,830
Furniture and fixtures	<u>33,257</u>	<u>33,257</u>
	3,353,917	3,508,908
Less accumulated depreciation	<u>(1,955,362)</u>	<u>(2,010,216)</u>
Property and equipment, net	<u>\$ 1,398,555</u>	<u>\$ 1,498,692</u>

7. Concentrations of Credit Risk

The District is located in Donaldsonville, Louisiana. The District grants credit without collateral to its patients, most of whom are local residents. Revenue from patients and third party payors were as follows:

	<u>2003</u>	<u>2002</u>
Medicare and Medicaid	58.8%	56.4%
Blue Cross	6.5	5.5
Commercial	15.7	17.8
Private Pay	19.0	20.3
	<u>100.0%</u>	<u>100.0%</u>

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT

OF ASCENSION PARISH, LOUISIANA

SUPPLEMENTAL SCHEDULES

AUGUST 31, 2003 AND 2002



WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA
Donaldsonville, Louisiana

Schedule I

SCHEDULES OF PATIENT SERVICE REVENUES
YEARS ENDED AUGUST 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Nursing services:		
Routine service (daily service charges)	\$ 267,584	\$ 183,694
Operating room	-	-
Emergency room	2,355,251	2,054,588
Recovery room	-	-
Therapy	325,831	203,366
Central services and supply	72,103	58,189
	<u>3,020,769</u>	<u>2,499,837</u>
Other services:		
Laboratory	1,268,857	894,692
Pharmacy	269,370	187,619
Radiology	247,876	235,358
Emergency room physicians	33,627	15,580
Pathology	6,189	1,837
Medical transcription fees	3,917	4,003
EKG	96,080	86,085
Physical therapy	6,369	7,540
Gastrology	38,764	40,612
Ultrasound	83,270	68,355
Mammography	35,615	36,050
Medicaid disproportionate share	425,339	435,796
Miscellaneous	132,109	57,793
	<u>2,647,382</u>	<u>2,071,320</u>
Total patient service revenues	5,668,151	4,571,157
Contractual adjustments and allowances	<u>(1,211,868)</u>	<u>(1,055,663)</u>
Net patient service revenue	<u>\$ 4,456,283</u>	<u>\$ 3,515,494</u>



Postlethwaite & Netterville

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
West Ascension Parish Hospital Service District
Donaldsonville, Louisiana

We have audited the financial statements of the West Ascension Parish Hospital Service District of Ascension Parish, Louisiana, component unit of the Ascension Parish Council, as of and for the year ended August 31, 2003 and have issued our report thereon dated October 13, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether West Ascension Parish Hospital Service District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Ascension Parish Hospital Service District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect West Ascension Parish Hospital Service District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 03-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

This report is intended solely for the information and use of the Board of Commissioners, management, and others within the organization, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Prothman & Nettwill

Donaldsonville, Louisiana
October 13, 2003

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2003

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of West Ascension Parish Hospital Service District of Ascension Parish, Louisiana.
2. One reportable condition disclosed during the audit of the financial statements is reported as item 03-1 in Part B. of this schedule. This condition is reported as a material weakness.

REPORTABLE CONDITIONS

03-1 Internal Control

Finding: There is a lack of segregation of duties due to the limited number of accounting personnel.

Recommendation: No action is recommended.

Managements'

Response: It would not be cost effective to hire additional personnel to achieve an adequate segregation of duties within the accounting department.

WEST ASCENSION PARISH HOSPITAL SERVICE DISTRICT
OF ASCENSION PARISH, LOUISIANA

SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED August 31, 2003

A. INTERNAL CONTROL

Finding: There is a lack of segregation of duties due to the limited number of accounting personnel.

Recommendation: No action is recommended.

B. COMPLIANCE

02-1

Finding: LSA-RS 38:2212 requires that all material and supply purchases exceeding \$15,000 need to be publicly bid. This statute also requires governmental entities to provide a notice of a public emergency for purchases that are made as the result of an emergency.

The District purchased an X-Ray machine as the result of an emergency, but the District did not publish notice of the public emergency in the official journal.

Recommendation: All purchases that are made as the result of a public emergency require that the District prepare a written determination of the emergency and publish the notice within ten days in the official journal.

Current Status: No similar findings were noted in the current year.

MANAGEMENT LETTER FINDINGS

ML02-1

Finding: Voided checks are not being voided correctly in the general ledger. This has caused the respective bank account to be out of balance until journal entries were made to adjust cash to the correct balance. The corresponding expenses are also affected by voided checks that are not recorded correctly. Additionally, one manual check was not posted to the general ledger.

Recommendation: All voided checks should be correctly voided in the general ledger. Any differences between reconciled bank balances and the general ledger should be communicated to the proper management personnel. These differences should be resolved timely to ensure that the accounting records are accurate. All checks should be recorded in the general ledger immediately after they are written.

Current Status: No similar findings were noted in the current year.

ML02-2

Finding: The District does not have a person that is trained to perform the monthly tasks, except for payroll, that are completed by Jane, the Chief Financial Officer/Business Office Manager. No one has been trained in the areas of accounts payable; preparing monthly board reports; and general ledger functions including recording journal entries, balancing bank accounts, and recording the bad debt write-off.

Recommendation: One person should be trained to perform Jane's monthly tasks in the event that she would be out for an extended period of time.

Current Status: The District has trained other personnel to perform the most important functions.

CITY COURT OF CROWLEY, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
Year Ended August 31, 2003

Section I. Internal Control and Compliance Material to the Financial Statements

#2003-1 - General Administration

Management has evaluated this inadequacy and determined that the related costs versus benefits to be achieved do not justify the additional personnel it would require to establish an adequate segregation.

#2003-2 - Budget Adoption

Management has assured that a budget will be adopted prior to the beginning of the fiscal year as required.

Section II. Internal Control and Compliance Material to Federal Awards

There were no matters reported relating to reportable conditions, material weaknesses, or instances of noncompliance, including questioned costs, relating to federal awards for the year ended August 31, 2003.

Section III. Management Letter

There were no matters reported in a separate management letter for the year ended August 31, 2003.

Responsible party: T. Barrett Harrington, City Judge